

# Commission on Streamlining Government

Senator Jack Donahue, *Chairman*  
Roy O. Martin, *Vice Chair*  
Angele Davis, Commissioner of  
Administration  
Barry Erwin  
Brett F. Geymann, Representative  
Leonard Hardman  
John Kennedy, State Treasurer  
Lansing Kolb  
Mike Michot, Senator  
Jim Morris, Representative



P. O. Box 44481  
Baton Rouge, LA 70804  
Telephone: (225) 342-2762  
or 1-800-205-9873  
Facsimile: (225) 342-9784  
email: [streamline@legis.state.la.us](mailto:streamline@legis.state.la.us)

**Commission Staff**  
Jerry J. Guillot, *Administrator*  
Tim Prather, *Coordinator*  
Trudy Fourmy, *Secretary*

## MINUTES

Monday, December 1, 2009

9:00 a.m.

Senate Committee Room A-B

### I. CALL TO ORDER

A meeting of the Commission on Streamlining Government was held on Monday, December 1, 2009, in Senate Committee Room A-B of the State Capitol in Baton Rouge, Louisiana. Senator Donahue, Chairman, called the meeting to order at approximately 9:16 a.m.

### II. ROLL CALL

The secretary called the roll and the following was noted:

#### MEMBERS PRESENT

Senator Jack Donahue  
Representative Jim Morris  
State Treasurer John Kennedy  
Angele Davis  
Barry Erwin  
Roy Martin  
Leonard Hardman  
Representative Brett Geymann  
Lansing Kolb

#### MEMBERS ABSENT

Senator Mike Michot

#### STAFF PRESENT

Jerry Guillot, Chief of Staff  
Tim Prather, Coordinator  
Trudy Fourmy, Secretary

#### WITNESSES PRESENT:

Kyle Wedberg, NOCCA  
Stephen Kauffman, Advocacy Center  
Randy Pope, LASS  
Shannon Templet, Civil Service  
Hugh Eley, DHH  
William Fenstermaker, Blueprint LA

Steve Monaghan, LFT  
Lloyd Dressel, LSBA  
Kathy Kliebert DHH  
Daniel Doonan, AFSCME  
Rudy Gomez, Blueprint LA  
William Slaughter, Blueprint LA

### **III. APPROVAL OF MINUTES**

Senator Donahue announced that a draft of minutes for the meeting held on 11/17/09 was in everyone's folder for approval. Motion was made by Representative Morris to approve said minutes. There were no objections to the motion and it was so ordered.

### **IV. PRESENTATIONS**

Senator Donahue called on Bill Fenstermaker, Rudy Gomez, and William Slaughter, all representing Blueprint LA, to testify before the commission. Mr. Slaughter, SSA Consultants, explained Blueprint LA, a coalition formed in 2006 to drive needed reform. He commended the commission for their group efforts on a critical endeavor. He stated that their group favored reform in higher education. He informed the commission that there were two matters they wanted to address today, transportation and health care. Literature outlining their suggestions were handed out to the commission members. He then introduced Mr. Fenstermaker and Mr. Gomez. Mr. Fenstermaker addressed highway funding issues. He stated that it is always a work in progress with never enough money and that there was a back log of critical projects that remain unfunded. He called attention to the failure of Congress to pass an extension to 2005 Surface Transportation Law. He then discussed economic development. He asked the commission to take advantage of public/private partnerships that leverage private capital and expertise and to consider tolling on roads. He then discussed debt financing strategies and infrastructure banks.

Mr. Gomez addressed their health care agenda. Their agenda, described in their handouts, is to redirect state funds to go to the charity system, to allow LSU to focus on medical education and research, to address what could be done if there were no charity system, and expand coverage for uninsured. He stated that the fee for service has to be reformed for it to work better.

Mr. Fenstermaker mentioned that other states have a mobility fund but Louisiana did not efficiently utilize their fund. Recommendations put forth by Blueprint LA were to use the mobility fund and tolling for new capacity.

Mr. Gomez then discussed the possibility of removing LSU from running the charity system and getting the state out of the hospital business. He thought coverage expansion was a "good thing" and thought the charity hospital system should be disbanded. His organization did not oppose building a new hospital building in New Orleans because they thought there should be a new academic hospital and stated that they would support the issue as long as it was not a charity hospital and if it was a new model.

Mr. Martin then discussed with them the toll roads possibly including I-49 South from Lafayette to New Orleans. Mr. Fenstermaker was in favor of it but stated that the highway would never be built. He discussed the death toll on the highway being extremely high. He reminded the commission that the legislature had been opposed to a local gas tax. Mr. Martin then inquired as to Moss Regional Medical Center. Mr. Gomez again stated that the state should get out of the hospital business except for medical education and research.

Senator Donahue then introduced Daniel Doonan, labor economist for AFSCME, to speak to the group. Mr. Doonan had handouts for the commission and then presented his powerpoint presentation regarding tax burdens, tax expenditures, state contracts and privatization. His

presentation also included span of control laws and ratios. Mr. Kennedy discussed economic momentum, income trends, and span of control. Ms. Davis inquired to Mr. Doonan as to where he got his statistics on the increase of unclassified positions in DHH, and decrease in classified positions. Mr. Doonan stated it was from an audit report dated 2008. He did not have data to examine after that date. She stated that the current information would show that the number of unclassified employees has decreased by 2% and classified employees has decreased by the same percentage. Ms. Templet gave current data to the commission for the record on state employees. She stated that as of 12/31/07, there were 62,260 classified employees and they were decreased by 2% to 60,885 from a year ago. Unclassified employees were at 31,294 on 12/31/07 and were lowered by 2% to 30,729.

## **V. CONSIDERATION OF ADVISORY GROUP RECOMMENDATIONS**

Rep. Morris requested to take the recommendations out of order in order to group them.

### **Civil Service and Employee Benefits:**

**AGCS # 46** All agencies should engage in a thorough contract review to find the "least cost method" of providing the service or activity, whether through insourcing or outsourcing; further before implementation of any layoffs, reduction in force, or layoff avoidance measures, the agency should make its best efforts reduce the FY10 cost of contracts by 2 to 10% (for a total contract cost reduction of at least 2%); additionally, no layoff, reduction in force, or layoff avoidance measure should be approved by the Department of State Civil Service unless the agency shows it has reduced the FY10 cost of its contracts by 2% or presents an explanation of why it has not done so.

Rep. Morris offered an amendment to take out the last sentence of the recommendation starting with "additionally". Senator Donahue requested that Rep. Morris withdraw his motion to adopt the amendment so that another amendment could be considered. Rep. Morris stated that he would do whatever the body decided but based on testimony received, there were areas to be discussed. Senator Donahue stated that proper information was not received from departments regarding their programs and this amendment would require that the agencies reduce their contracts by 2 - 10% each fiscal year through 2012 and report to the Streamlining Commission on the contracts they have eliminated on the 2-10% basis. The amendment would go further to state that it does not include contracts that are subject to the public bid law pursuant to the procurement code and contracts required by state/federal law. The last part would exempt DOTD. Rep. Morris was concerned with unintended consequences. Ms. Davis had concerns with the arbitrary across-the-board reduction. Mr. Guillot stated that this would include all contracts that are entered into that do not use or not required to use the public law, it would not include those acquisitions or purchases by executive agencies that are excepted by the procurement code. Under the public bid law there are dollar limits. Under the procurement code there are exceptions from agencies. That would leave all other contracts. Senator Donahue did not want to tie the hands of DOTD in awarding contracts. He did want to hinder the ability of other departments to issue contracts that are not subject to the public bid law. Ms. Davis agreed with the concept but had concerns regarding across the board reductions and unintended consequences tying the hands of the agencies. Mr. Kennedy offered to amend it to take out the 2% and make it 10%. Mr. Guillot stated that there is a process, that procurement is for acquisition of equipment and supplies under public bid law. The division developed state contracts

where they buy under those contracts under the procurement code based on what the state has awarded as a low bid for that product. There were two sections of law that he handed out to the commission regarding what would not be covered by the procurement code. Senator Donahue stated that his original intent was to exempt public bid and everything else would be covered. Mr. Erwin then discussed outsourcing. Mr. Guillot stated that his impression that the provider services contracts are not let by any procurement code provision nor any public bid provision, so they would be considered as a contract under this proposal. Mr. Guillot also explained that the recommendation would be an implementation at the directive of the Executive Branch and they could follow through independently. He stated that all of the acts of the commission are advisory recommendations and implement nothing. Ms. Davis suggested amending the language to state "unless justification is provided". She then discussed emergency contracts.

Rep. Morris then withdrew his amendment and Senator Donahue proposed his language with the added language of Ms. Davis regarding justification. The amendment would include Senator Donahue's language and, at the end of the first sentence "each fiscal year," add "subject to exceptions submitted to and approved by the Commissioner of Administration. Each exception shall be reported to the Commission on Streamlining Government." Mr. Kennedy wanted to amend it to change the percentage to a straight 10%, rather than 2-10%. Rep. Morris wanted to make sure the "Other" language on the original proposal would remain. There were no objections to adoption of the amendment. There were no objections to adoption of the recommendation as amended.

**AGCS #33** Any proposal of a separation package, whether it takes the form of an early retirement program, a retirement incentive, a buyout plan in exchange for voluntary separation, or a severance package for involuntary separation, should be carefully analyzed to ensure that the total projected expense of the plan, including any actuarial costs to retirement systems or increases in the premium amounts paid for group health insurance, does not outweigh the savings to the state; specifically the recurring savings of the state should pay for the costs of the package within ten years of implementation. Additionally, the state should route 50% of the annual savings resulting from the severance of employees receiving the separation package to the retirement system and the group health insurance provider to help fund the additional direct or indirect costs, if any, associated with implementation of the separation package. Further, the inclusion of provisions prohibiting reemployment of the voluntary participants and requiring elimination of positions held by all employees severed from employment should be strategically included in the package design to avoid "double dipping" and to maximize savings.

Mr. Kennedy suggested changing the 10 year payout to 5 years and add language that would state that the cost to the retirement system and group health insurance provider should be taken out of the savings up to 50%. There were no objections to adoption of the amendment. There were no objections to adoption of the recommendation.

**AGCS # 38** Should a reduction in force through voluntary or involuntary separation become necessary, whether applicable only to targeted programs or budget units or implemented across most agencies, the design process of the staff reduction plan should include discussions of a separation package which may take the form of an incentive or severance package. Prudence dictates that the details of such a package should be determined only after designation by the appropriate entity of programs to

be reduced or eliminated or positions to be emptied. However, any such separation package should include three basic components: (1) a lump-sum payment, (2) provision for health insurance, and (3) provision for education or training. If the package is offered as an incentive for voluntary separation, any employee taking the incentive should be prohibited from employment with the state or from entering into a contract to provide services on behalf of the state for a period of thirty-six months. If the person is reemployed or enters a contract within the prohibition period, the person should reimburse the state the proportionate value of the incentive package. Any separation, whether voluntary or involuntary, to which a separation package applies should trigger the abolition of the position from which each employee is separated; however, if the position is critical to the mission of the agency, the agency should be permitted to abolish another position or combination of positions that represent the elimination of the same amount of salary and benefit costs from the agency's budget.

Rep. Morris requested that this recommendation be deferred. There were no objections.

**AGCS # 35** Any plan for reducing the number of full-time state employees for the purpose of providing permanent reduction of the state budget and staffing should include specifications regarding elimination of positions and restrictions on reemployment of individual employees and should apply to positions of both classified and unclassified employees; however, such a plan should also provide for a review panel with the authority to allow an agency head to request that the position not be eliminated or that the person not be restricted from reemployment.

Rep. Morris requested that this recommendation be withdrawn. There were no objections.

**AGCS # 47** Each agency head should consider furloughs for employees as a cost-saving measure to help delay or eliminate the possibility of layoffs. Agency heads should give due consideration to the timing of such furloughs, seeking opportunities to maximize the savings while avoiding significant adverse effects on the delivery of services. For example, a regular work day immediately following or preceding a holiday seems a promising choice as many state employees take leave on those days, and many agencies experience reduced demand for services.

Rep. Morris stated there could be approximately \$15 million in savings each time this occurs. Ms. Templet stated that the Civil Service director has to approve the furlough requests from the agency. Ms. Davis stated this was not a recurring cost savings and that she disagreed with this recommendation. Mr. Kennedy stressed that this was just a consideration and was not mandatory. There were no objections to adoption of this recommendation.

**AGCS # 49** To the extent that agencies employ the retirement incentive layoff avoidance measure of Civil Service Rule 17.9, the agency should abolish the position vacated by each retiree or the agency should abolish other positions which provide the same savings that would be gained from abolition of the vacated position.

Mr. Hardman was concerned with existing employees and how they would be getting more work and responsibility with no compensation. There were no objections to adoption of the recommendation.

**AGCS #51** The legislature should consider allowing members of the Louisiana State Employees' Retirement System to purchase service credit to be used for purposes of eligibility by paying the full actuarial cost; the legislature may choose to restrict this to members who have attained the age at which they would be eligible to retire but who lack five years or less in service credit to become eligible, and to require the member to retire within 30 days of such purchase.

Rep. Morris explained this recommendation and there were no objections to adoption.

**AGCS #34** The legislative committees on retirement should continue meeting jointly to study the possibility of altering the design of the retirement plan benefit structure of the four state retirement systems to provide for decreased risk to the employer agencies and the state, increased predictability of costs, and greater portability of benefit. The committees should be cognizant of the state's exemption from social security participation and the effects of any change in that exempt status on employees as well as the state. This study should specifically include consideration of a defined contribution structure. The Commission on Streamlining Government should review any report issued by the committees as part of its ongoing duties pursuant to the provisions of Act 491 of the 2009 Regular Session.

Rep. Morris read this recommendation to the commission. There were no objection to adoption of the recommendation.

**AGCS #37** The legislature should protect the provisions of Act 497 of the 2009 Regular Session which provide for application of excess investment earnings toward reduction of the unfunded accrued liabilities of the retirement systems for teachers and state employees and should capitalize on opportunities to provide additional payments when funds and circumstances allow.

Rep. Morris explained this recommendation and there were no objections to adoption.

**AGCS #42** The legislative committees on governmental affairs should meet jointly to study the current Civil Service rules and state laws governing leave accrual and accumulation and to determine whether the current structure supports the overall employment and compensation policies of the state of Louisiana. Particular emphasis should be given to a determination of whether disability insurance may be used as a substitute for or as a supplement to sick leave accrual and accumulation, and the cost, if any, of the current law and rules allowing leave balances to be converted to retirement credit.

There were no questions and no objections to adoption of this recommendation.

**AGCS #45** The legislature should consider adopting a special, earlier prefiling date for legislation related to retirement to allow adequate time for fiscal and actuarial analysis of the effect of the proposed legislation.

There were no questions and no objection to adoption of the recommendation.

**AGCS # 48** The legislative committees on governmental affairs, retirement, appropriations, and finance should undertake a comprehensive study of the state's policies related to the employment and retention of state public servants, the compensation package offered to those public servants, the extent to which the combination of salary and benefits supports the employment and retention policies, and the adjustments, if any, to the compensation package that may be more successful in furthering employment and retention policies; after the study is complete, it is recommended that the committees present a joint report to the House of Representatives and the Senate detailing the committees' findings and recommending proposals for any changes the committees deem necessary or prudent. The Commission recommends that the joint report be issued at least thirty days before the convening of the 2011 regular legislative session.

Rep. Morris explained this recommendation. There were no questions or objections to adoption.

**AGCS # 53** The legislature should require each agency receiving state funding or operating with self-generated funds derived from fees and other assessments or from interagency transfer to evaluate and justify its staffing level as part of the state budgeting process. Each agency head should consider engaging in strategic workforce planning and using that strategic plan in presenting staff justification to the legislature. An agency's strategic workforce plan should be subject to internal review and amendment at regular intervals not to exceed three years.

There were no objections to adoption of the recommendation.

**AGCS # 55** All executive branch agencies, including higher education entities, should be required to report all employees to the Department of State Civil Service and the legislature, including "T.O." and "non-T.O.", full-time equivalents, work-as-needed, "when-actually-employed," part-time, seasonal and temporary, and the head count and full-time equivalent for employees working under contract. The reporting of these additional groups of employees to Civil Service shall be at the same time, in the same manner, and to the same extent reported now or as Civil Service may require. The report to the legislature shall, at a minimum, be made as a part of the annual budgeting process; however, the legislature may require such report to be made more frequently.

There were no questions or objections to adoption of this recommendation.

**AGCS # 60** The legislature should inquire during the budgeting process about the extent to which an agency's unclassified employees are required to meet the same standards as the classified employees in order to be eligible for any pay increase, whether it is a one-time payment or a permanent increase; in particular, the legislature should determine whether an agency's unclassified managers receive pay increases even if they have not complied with the requirements applicable to classified managers regarding completion of the performance reviews of the employees supervised.

Rep. Morris stated that he had found that some of the classified employees were not reporting and this would level the playing field. The problem was that unclassified positions did not come forward with information. Senator Donahue did not like the idea of unclassified employees having to abide

by the same standard as the classified if we did not know what the standards were. Ms. Templet stepped forward to give testimony stating that this only concerned performance adjustment increases, and not all the rules for classified employees. Classified employees are mandated to have a performance evaluation before receiving pay increases, but unclassified are not. Senator Donahue suggested changing the language to make it clearer. Rep. Morris offered an amendment and Mr. Guillot stated that the applicable part was the last portion at the end of line 2. "The legislature should determine whether an agencies unclassified managers should receive pay increases as described above, even if they have not complied with requirements applicable to classified managers regarding completion of the performance reviews of the employees supervised." He suggested deleting everything above the wording he just stated, lines 1 and 2. Ms. Davis objected to the amendment as she did not think it was the role of the legislature to determine whether or not the governor's appointees are doing their jobs except through the budgeting process. Rep. Morris answered that he was not trying to micro-manage the governor's staff, but he was attempting to get them to do the work. A vote was taken and the amendment passed by a vote of 7 yeas (Donahue, Martin, Geymann, Hardman, Kennedy, Kolb, Morris) and 2 nays (Davis, Erwin). There were no objections to adoption of the recommendation.

**AGCS # 36** By February 1, 2010, the Department of State Civil Service should hold mandatory education and training for all upper level management (whether classified or unclassified) and human resources staff of executive branch agencies to inform or refresh them regarding the current rules and procedures for layoffs, layoff avoidance measures, salary flexibility, and other workforce management tools. By March 15, 2010, the Department of State Civil Service and the upper level management, whether classified or unclassified, and human resources personnel of each agency should schedule and hold in-depth discussions regarding the particularized personnel needs of the agency and the tools, processes, and rules by which Civil Service can help the agency meet those needs. To the extent the current practices of Civil Service do not meet the needs of the agency, Civil Service should consider rules changes.

Ms. Davis wanted to add language to this recommendation to include the legislative branch as there were no classified employees in the legislature. Senator Donahue ruled that the legislative branch is not part of the jurisdiction of the streamlining commission, therefore, the amendment would not be germane. There were no objections to adoption of the recommendation.

**AGCS # 39** The Department of State Civil Service should coordinate with the Division of Administration to eliminate any duplication in training programs and to ensure there are no gaps in the training programs offered.

There were no questions and no objection to adoption of the recommendation.

**AGCS # 40** The Department of State Civil Service should investigate the extent to which national, regional, or state testing or certification programs may be used in lieu of the civil service exam to determine qualifications for classified positions. The department should give due consideration to ACT WorkKeys as well as to any similar testing or certification programs. The department should balance the positive aspects of each program against any increased costs to the state as an employer or to the prospective employee as an applicant. The department should consider whether an applicant who already has a rating or certification from a public or private



national, regional, or state entity should be allowed, on an individual basis, to have that certification substitute for the civil service examination.

Rep. Morris offered an amendment because Ms. Templet had concerns regarding the ACT WorkKeys, as some of the tests have costs associated with them. She suggested another word other than "shall". Mr. Kennedy gave verbiage that the amendment would state "shall adopt appropriate national, regional, or state testing". Mr. Guillot read the amendment as "The Department of State Civil Service shall adopt appropriate national, regional, or state testing programs" and the rest of the recommendation would remain the same. There were no objections to the amendment and no objection to adoption of the recommendation.

**AGCS # 43** The Department of State Civil Service, with the support of the Legislative Auditor, should examine the supervisor-to-staff ratios, within each program in executive branch agencies and determine whether the ratio is appropriate based on the particularized circumstances and data from the industry. The department should report monthly to the State Civil Service Commission and the Joint Legislative Committee on the Budget as to the programs examined, the ratio, and the propriety of that ratio. The data should be maintained in the Integrated Statewide Information System (ISIS) or any successor data information system.

Rep. Morris stated that a few changes needed to be made on this one. Instead of the department reporting "monthly", it should be "annually"; the DOA and Streamlining Commission should be added to it and at the beginning of the last sentence "if possible" should be added. Mr. Guillot read the amendment as "The department should report annually to the DOA, the State Civil Service Commission, the Joint Legislative Committee on the Budget, and the Commission on Streamlining Government as to the programs examined, the ratio, and the propriety of that ratio. If possible, the data should be maintained in the Integrated Statewide Information System (ISIS) or any successor data information system." There were no objections to the amendment and no objections to adoption of the recommendation.

**AGCS # 44** The State Civil Service Commission should consider carefully whether an employee whose annual performance review shows he or she "meets expectations" should be eligible for any pay increase which purports to be based on meritorious service or performance.

Rep. Morris wanted to amend this to read that the Civil Service should "not" consider and delete "carefully" and "whether". Mr. Guillot read the amendment as "The CSC should not consider an employee whose annual performance review shows he or she "meets expectations" for any pay increase which purports to be based on meritorious service or performance". Ms. Templet clarified that the CSC had proposals being considered presently that will be voted on 12/09/09. She assured the commission that she would take all the comments and concerns heard today back to the CSC. Mr. Kennedy suggested that the money spent on the merit pay increases be used to award bonuses, not to be added to their yearly pay, but a one time thing. Ms. Templet informed Mr. Kennedy that one time lump sum bonuses can already be given. Mr. Erwin was concerned with some state employees never receiving pay raises with this. There were no objections to the amendment. Mr. Hardman objected to the adoption of the recommendation and a vote was taken. With 8 yeas (Donahue, Martin, Davis, Erwin, Geymann, Kennedy, Kolb, Morris) and 1 nay (Hardman), the recommendation was adopted.

**AGCS # 52** The Department of State Civil Service should annually report to the Joint Legislative Committee on the Budget regarding the turnover rate in state agencies and the cost associated therewith; the report should provide data on specific job classifications where the turnover rate is especially high or the cost to the state is great.

There were no questions and no objections to adoption of the recommendation.

**AGCS # 54** The legislature and the Department of State Civil Service should continue efforts to enlarge the pay bands, to provide opportunities for flattening agencies' organizational charts, to encourage use of pay-for-performance initiatives, and to widen the utilization of the dual career ladder. Additionally, the department should monitor the current performance evaluation process to ensure each agency conducts the evaluation activities in a manner that is objective and consistent, both internally and in comparison to other agencies. If the department finds that objectivity and consistency are chronically lacking, the department should inform the State Civil Service Commission and the legislature so that rules or laws may be formulated to assist the agencies in achieving objectivity and consistency in performance evaluation.

There were no questions, comments, or objections to adoption of this recommendation.

**AGCS # 56** As a part of continuing assessment of whether the state's employment practices are meeting the goals and policies of workforce attraction and retention, it is of paramount importance to know why employees separate from service. Currently, the costs of turnover are quite large. The Department of State Civil Service should encourage each agency to conduct exit interviews with employees who sever employment and to record the reasons for the separation in the Integrated State Information System (ISIS) or other utilized personnel records system. If possible, the department should work with the Division of Administration to revise the turnover reasons in ISIS to make the data more meaningful and valuable. The department should include the turnover information, including reasons for separation, as a part of its reports. At least once a year, the department should report to the State Civil Service Commission and to the Joint Legislative Committee on the Budget regarding turnover rates, reasons for separation, any recommendations for decreasing the turnover rate, and any other information the department deems important for an overall understanding of state employee turnover and the reasons for separation.

Rep. Morris offered an amendment to add "Streamlining Government Commission". There were no objections to adoption of the amendment and no objections to adoption of the recommendation.

**AGCS # 57** All executive branch agencies should be encouraged to utilize the maximum allowable probationary period of two years for employees hired on or after January 1, 2010. The Civil Service Commission should consider whether the minimum probationary period should be lengthened, perhaps to the current two-year maximum.

Mr. Hardman objected to adoption of this recommendation. After a vote, the recommendation passed with 8 yeas (Donahue, Martin, Davis, Erwin, Geymann, Kennedy, Kolb, Morris) and 1 nay (Hardman).

**AGCS # 59** The Department of State Civil Service should encourage state agencies to take full advantage of existing special pay and rewards and recognition policies to provide employees with both monetary and nonmonetary rewards for outstanding performance. This should take place in conjunction with the implementation of the new annual pay increase system based upon the employee's annual performance review. Where the department perceives an agency to be underutilizing these tools, the department should contact the agency directly to schedule a discussion about the appropriate use of special pay, rewards and recognition, and pay-for-performance options.

There were no questions and no objections to adoption of the recommendation.

**AGCS # 41** The Deferred Retirement Option Plans of the Louisiana State Employees' Retirement System, the Teachers' Retirement System of Louisiana, and the Louisiana School Employees' Retirement System should be closed effective January 1, 2015. Any state employee whose membership in the Louisiana State Employees' Retirement System is governed by Act 75 of the 2005 Regular Session should not be permitted to participate in the plan. Any person who enters the plan applicable to his or her system on or after January 1, 2013, should sever employment upon completion of participation in the plan. Any person who is eligible to enter the plan on or before January 1, 2015, and who has not submitted an application to enter the plan on or before January 1, 2015, should be prohibited from participation in the plan. The retirement systems should provide for early application to enter the plan for those members whose eligibility begins near the termination date of the plan but who may wish to begin participation on a date after January 1, 2015, but in no case shall such participation extend beyond the legally permissible time limitations.

Rep. Morris stated that the cost factor tied to this was undeterminable because it could not be distinguished as to who would take advantage or participate in this. The only cost would be the utilization of it. Mr. Hardman objected to this recommendation. Roll call was made and with a vote of 8 yeas (Donahue, Martin, Davis, Erwin, Geymann, Kennedy, Kolb, Morris) and 1 nay (Hardman), the recommendation was adopted.

**AGCS # 58** Each manager responsible for engaging in the Performance Planning and Review (PPR) process should use the PPR forms to track each employee's productivity and level of performance by using objective information to measure actual performance against expectations.

There were no questions, comments, or objections to adoption of this recommendation.

## **VI. CONSIDERATION OF MEMBER RECOMMENDATIONS**

**Donahue #6** The Department of State Civil Service should lower the number of classifications to 1000 by December 31, 2010 and further lower the number to 800 by December 31, 2011.

Mr. Kennedy inquired as to the actual number of civil servant classifications that the state has. Ms. Templet answered that the total number was 1,400, and the 2,200 that Mr. Kennedy referred to was

a part of the Career Progression group. Mr. Kennedy offered an amendment to change the lowering numbers from "1000" to "800" and change "800" to "600". There were no objections to the amendment. There were no objections to adoption of the amended recommendation.

**Donahue #7** Each state agency should consider using furloughs to keep costs down. The Commission recommends that each agency furlough every employee one day each quarter of the 2010-2011 fiscal year. Determination of timing of furloughs is left to the agency; however, where possible the agency should consider furloughing all employees in a particular location on the same day to capture additional savings from such things as non-use of utilities.

There were no objections to adoption of this recommendation.

**Michot #3** Request DHH to study the use and feasibility of telemonitoring in health care.

Mr. Kennedy offered an amendment to change "telemonitoring" to "telemedicine". There were no objections to adoption of the amendment. There were no objections to adoption of the recommendation.

**Kolb #02** No new or expanded programs should be implemented unless the Commissioner of Administration certifies that the program will result in an immediate cost savings. This moratorium should stay in effect until July 1, 2012.

Mr. Kolb requested that this recommendation be deferred; no objections.

**Kolb #03** The Department of Health and Hospitals should amend the New Opportunities Waiver to provide for an individual cap of \$60,000 per person per year.

Mr. Kolb requested that this recommendation be deferred; no objections.

**Kolb #04** The Department of Health and Hospitals should convert the Long-Term Personal Care Services optional Medicaid program to a waiver program to help stabilize the growth and limit the services to twenty-five hours per week.

Mr. Kolb also requested that this recommendation be deferred; no objections.

**Kolb #05** The Department of Health and Hospitals should amend the Elderly and Disability Adult Waiver Program to provide for an individual cap of \$25,000 annually.

Mr. Kolb requested that this recommendation be deferred; no objections.

**Martin #28** Reduce the paperwork required of each school district for annual Pupil Progression and Advancement Plans and School Improvement Plans to "net change" documents instead of redoing the entire report yearly.

Lloyd Dressel testified that this was a paper saving method. He added that the pupil progression plan would be done in-house and he was not aware of any consulting contracts. There were no objections to adoption of the recommendation.

**Martin #29** Restructure the MFP so that the "dollars follow the child" (student based budgeting) and that 80% of MFP funds are spent on the classroom as directed by the principal of each school.

Mr. Pope commented that there were no clear definitions of the restructuring of the MFP. He discussed state and federal dollars, but stated that local dollars needed clarification. He was also concerned about whether the principals had the tools to be in control of the amount of money involved and if they were trained on federal guidelines. Mr. Kennedy then discussed marginal costs and gave several scenarios. Mr. Erwin stated that his AG had a similar recommendation and that it was important for this recommendation was a big part of their efforts and that this should be passed out. Mr. Kennedy proposed an amendment to add "federal and state money" in the description of monies that follow the child. Mr. Martin requested to retain the 80% instead of changing it to 90%. There were no objections to the adoption of the amendment. There were no objections to adoption of this recommendation.

**Martin #30** Ensure that terminated, deceased and retired state employees do not get their active employee pay inappropriately.

There were no objections to adoption of the recommendation.

**Martin #31** Restructure teacher pay to provide incentives for education graduates to seek secondary education positions.

There were no objections to adoption of the recommendation.

**Martin #32** Align Department of Education contracts to the highest priority education initiatives, and cancel the other contracts that are not in the top priorities.

Mr. Kennedy offered an amendment to add that they are required to cancel 10% of their contracts. There were no objections to adoption of the amendment or the recommendation.

**Martin #33** Provide that New Year's Day is an unpaid holiday for state employees for 2011 and 2012.

Mr. Martin requested that this recommendation be withdrawn; no objections.

**Morris #01** The Department of Natural Resources should automate data entry and privatize record archiving for the Office of Mineral Resources.

There were no questions or objections to adoption of the recommendation.

**Morris #02** The Department of State Civil Service should investigate whether savings could be achieved by the coordination of recruitment efforts by state entities at individual events or locations.

There were no objections to adoption of the recommendation.

## VII. ADVISORY GROUP RECOMMENDATIONS

**AGEB #42** The governor and the Louisiana Legislature support and pass the Louisiana New Start Education Tax Credit Program which would (a) provide a \$4,000 refundable state income tax credit per child to parents who have a child attending a Louisiana public school that is deemed to be “academically unacceptable” by the Louisiana Department of Education and who assume the cost of their child’s education in a private or parochial school in Louisiana, and (b) provide a \$4,000 state income tax credit to any Louisiana taxpayer that donates \$4,000 to a nonprofit, scholarship-granting organization recognized by the Louisiana Department of Education which, in turn, uses the money to provide scholarships to families of children who are attending “academically unacceptable” schools in Louisiana and who elect instead to send their children to a private or parochial school in Louisiana.

Mr. Kennedy explained this recommendation to the commission and gave examples of how it would work. Mr. Dressel testified that when the children from the failing schools were given this money to go to a school of their choice, will it provide all mandatory services by the public schools and what restrictions would there be for transferring the \$4,000 over to the school of their choice. Mr. Kennedy answered that the child could go to another public school or a parochial school and take a state income tax credit. Mr. Erwin stated that his organization had not taken a position on this subject and he wanted to abstain from voting for that reason. Senator Donahue requested that the projected savings of \$52.5 million be added to this recommendation. There were no objections to adoption.

**AGEB #43** The Louisiana Department of Public Safety and Corrections eliminate all but one of the principals supervising teachers in their education program and return the remaining principals to classroom teaching positions.

Mr. Kennedy explained this recommendation also. Corrections has 25 certified teachers and they have 5 principals supervising those teachers. There were no objections to adoption of the resolution.

### **Duplicative and Non-Essential Services:**

**AGDNES #33** Centralize the hosting of current and future compatible geographic information system (GIS) and "volume buy" GIS software and licenses, including local government in such purchases where appropriate.

Mr. Erwin motioned for adoption of this recommendation. There were no objections.

### **Outsourcing, Privatization & Risk Management**

**AGOPRM #41** Department of Transportation and Development restructure its top management level to eliminate at least three top level positions.

This recommendation was withdrawn with no objection.

**AGOPRM #47** Department of Transportation and Development shift maintenance responsibility of state highways located in municipalities to those municipalities having state

highways within the municipal limits, particularly where the municipality has old unfunded accounts receivable with the department.

This recommendation was also withdrawn.

## **VIII. MEMBER RECOMMENDATIONS HELD OVER**

**Donahue #03** Require that Mineral Revenue received by the state in excess of the amount allocated to the Rainy Day Fund shall be designated as nonrecurring and subject to the same restrictions on expenditures as other nonrecurring revenue.

Senator Donahue announced that this would be deferred until the next meeting; no objections.

**Erwin #01** Require that local per pupil share of the Minimum Foundation Program (MFP) dollars follow students to any public school or program they attend, including such programs and schools as those administered by the Louisiana National Guard (LANG), the New Orleans Center for Creative Arts (NOCCA), the Louisiana School for Math, Science and the Arts (LSMSA), the Louisiana State University Laboratory School, the Southern University Laboratory School and certain Type-2 charter schools.

Mr. Erwin requested that this recommendation be withdrawn. There were no objections.

**Erwin #02A** Merge and assign the administration of the Board of Elementary and Secondary Education's (BESE's) block grant program focused on pre-kindergarten programs for at-risk four-year-old children into the Department of Education's (DOE's) Cecil J. Picard LA 4 Early Childhood Program (LA 4 Program).

There were no objections to adoption of this recommendation.

**Erwin #03A** Primary responsibility for adult education resides with the Louisiana Community and Technical College System (LCTCS) and the responsibility and funding of the Department of Education's (DOE's) Division of Adult and Community Education should be transferred to LCTCS.

There were no objections to adoption of this recommendation.

**Erwin #04A** Allow local school districts to fund, at their discretion, stipends for nationally board certified school counselors, psychologists, speech pathologists, audiologists and social workers using Minimum Foundation Program (MFP) or other dollars.

Mr. Erwin stated that under current law, if a teacher is nationally board certified, there are opportunities to go to the legislature and get appropriations for additional dollars and this recommendation would allow the state to fund the board certified teachers but the other school personnel could be funded with local dollars at the local school board discretion. Mr. Pope testified that if these stipends were mandated to be paid and if they are passed on to the locals, his

organization would object as it would be an unfunded mandate. Mr. Erwin stated that the intent was not to require the local districts to pay the stipends but to have the state pay the teachers. Mr. Pope reminded Mr. Erwin that the law stated that some of the others must be paid. Mr. Erwin stated that the law would have to be changed. Senator Donahue stated that we told the teachers to get the certification as counselors, psychologists, speech pathologists, audiologists and social workers in order to receive this stipend. Now we are trying to give it to local school boards who will not have the money to do it. Mr. Dressel reminded the commission that there would be a lot of people approach the legislature to maintain what was promised to them. He then discussed ambiguity in the language. Senator Donahue objected to the recommendation and Mr. Erwin then withdrew it.

**Erwin #05A** Any increase in the Minimum Foundation Program (MFP) allocated to a school district and eventually allocated to a school within that district with a School Performance Score (SPS) of 75 or below shall be spent on effective dropout prevention and remediation programs for students attending such school. This shall not apply to that portion of an increase in MFP dollars that are statutorily obligated to be spent otherwise, such as for teacher salary. Annual growth in the MFP is 2.75%, approximately \$62 million.

Mr. Erwin withdrew this recommendation as #06 was similar and he would amend #06 to take care of this one. There were no objections.

**Erwin #06** Require all school districts to replace lower performing dropout prevention programs with strategies modeled after Jobs for America's Graduate (JAG) and fund such programs through existing revenue including the Minimum Foundation Program (MFP) funding. Tie any state funding of dropout prevention programs to performance.

Mr. Erwin stated that the amendment proposed would state "To require BESE to terminate the pre-GED skills options program which currently exists and direct local education agencies to redirect funds supporting the programs to approve dropout prevention programs modeled after JAG." Mr. Pope testified that the program was mandated and it was designed to give children skills. It became a dumping ground to special needs children as they could not be excluded from the program. There were no objections to adoption of the amendment. There were no objections to adoption of the recommendation.

**Erwin #07A** Increase the Minimum Foundation Program (MFP) instructional spending requirement from 70% to 80% and provide that the requirement applies at the school level.

Mr. Erwin requested that this recommendation be withdrawn; no objections.

**Kolb #01** The Department of Health and Hospitals should amend the Elderly and Disability Adult Waiver Program to an individual cap at the cost of the waiver, to be no more than the average cost for an individual in a nursing facility.

Mr. Kolb requested that this recommendation be deferred; no objections.

**Martin #15** Public Safety Services eliminate the Oil Spill Coordinator's public outreach program.



Mr. Martin stated that this would save \$112,000. There being no questions, the recommendation was adopted without objection.

**Martin #16** Public Safety Services eliminate in-person hearings and only submit paper for DWI license suspensions.

After a short discussion, this recommendation was withdrawn.

**Martin #26** Department of Revenue charge private businesses, groups or individuals a standard cost for issuing private letter rulings.

Mr. Kennedy requested that a cap be put on this by adding "full cost recovery." There were no objections to the amendment and no objections to adoption of the recommendation.

## **IX. ADVISORY GROUP RECOMMENDATIONS HELD OVER**

### *Efficiency and Benchmarking*

**AGEB #10** To direct state government to reduce the number of state government positions by at least 5,000 positions for each year of the next three years pro-rata by department through vacancies and attrition and without reducing the quality of products or services. Department heads are directed in their reorganization efforts to study and take into account layers of management, spans of control, clerical staffing levels, unit consolidation, process re-engineering restructuring, retraining for enhanced skills and headquarters staffing reductions. Department heads should increase productivity by providing training opportunities for employees who wish to learn new skills or improve old skills. To use twenty percent of the savings to increase compensation for employees taking on additional responsibilities.

Mr. Kennedy wanted an amendment to delete the words "pro rata by department". Ms. Davis stated that all positions should not be eliminated and gave several examples of what would happen to various departments. Mr. Kennedy and Ms. Davis had a discussion on positions that had already been eliminated. Rep. Morris requested an alternate amendment which would state "To direct state government to reduce the number of state government positions significantly over the next 3 years. When possible, vacancies rather than layoffs should be used to achieve the elimination of positions. In addition to attrition and restructuring, the governor, statewide elected officials, agency heads, including those in higher education and the legislature, should undertake a strategic approach to reducing state employment, including narrowing the defined role and mission of state government, eliminating programs that are not a top priority for taxpayer dollars, and assisting state employees in their transition to retirement or employment in the private sector. Best practices should be explored, including the considerations of an efficacious separation package." Mr. Kennedy stated that he would oppose that amendment. Mr. Hardman stated that he was not for reduction of 5,000 per year as the remaining employees would end up with a heavy work load without compensation. Ms. Davis and Mr. Kennedy discussed where the 5,000 employees would come from. Rep. Morris withdrew his amendment to allow a vote on Mr. Martin's amendment which would state "Each agency must review its historical vacancy and attrition rates and shall make strategic reductions first looking at layers of management and clerical staffing targeting 5% each year for 3 years. Furthermore, each agency should review process re-engineering and unit consolidation while

preserving critical services such as public safety and direct patient care. Reductions can be achieved through outsourcing privatization and program elimination where feasible and cost effective. Each agency must report to the Streamlining Commission by December, 2010 and 2011 the achieved reductions and explanation of why the target was not met. Finally, state personnel who learn new skills or increased scope of responsibility should be reviewed for pay increases using savings from staff reductions." Ms. Davis stated that it would have to be done strategically. Mr. Kennedy objected and a vote was taken. With a vote of 5 yeas (Martin, Davis, Erwin, Geymann, Kolb) and 4 nays (Donahue, Hardman, Kennedy, Morris), the amendment passed. There was objection to adoption of the recommendation. A vote was taken and with a vote of 6 yeas (Donahue, Martin, Davis, Erwin, Geymann, Kolb) and 3 nays (Hardman, Kennedy, Morris), the recommendation was adopted.

**AGEB #21** To provide, by statute, for a Louisiana spending limit identical to the Oregon spending limit, known as the Oregon kicker law, with the exception that, under the Louisiana spending limit, excess revenues would first be deposited into the Louisiana Budget Stabilization Fund (the Rainy Day Fund) until that fund reaches its cap before any rebates are returned to individual or corporate taxpayers. The spending limit shall be cancelled or overridden in a particular year only by a two-thirds vote of the Louisiana Legislature, which shall be subject to veto by the governor.

Senator Donahue stated that he was under the impression that Oregon was attempting to get rid of this law. Ms. Davis stated she had a problem with the kicker law in its current posture and that excess revenues should not be spent. She then proposed an amendment for recurring tax cuts instead of rebates. The amendment would state "To provide, by statute, for a La. spending limit by establishing a permanent tax cut for individual and corporate taxpayers based on the amount of excess revenues recognized by the Revenue Estimating Conference less the amount needed for supplemental needs included in a supplemental and funds bills. The spending limit (tax cut) may be cancelled or overridden in a particular year by passage of a specific legislative instrument, but only upon a favorable vote of two-thirds of the elected members of each house, and shall be subject to veto by the governor. However, if the Revenue Estimating Conference forecast, less the tax cuts, for the ensuing year is less than the Revenue Estimating Conference forecast for the current year, the tax cut is cancelled without vote of the legislature. To also provide, by statute, for a limitation on the amount of revenues that can be budgeted for the ensuing fiscal year by requiring that the permanent tax cuts be taken into account in the appropriation bills for the ensuing year." Mr. Guillot stated that the original proposal and the amendment refer to statutory enactments and will require constitutional amendments. He added that if the requirement of a two-thirds vote of the legislature was put on it, a constitutional amendment would be required. There was objection to the amendment. Rep. Geymann stated that there was a cap in place already and that we would not need to impose a percentage limit on growth. He thought there should be more discussion and did not want to vote on the issue until he knew more about it. He then made a substitute motioned that it be temporarily deferred. There was objection to that motion. The secretary took a roll call vote and with a vote of 8 yeas (Donahue, Martin, Davis, Erwin, Geymann, Hardman, Kolb, Morris) and 1 nay (Kennedy), the proposal was deferred until the next meeting.

**AGEB #40** The Louisiana Department of Health and Hospitals be directed to bid out Louisiana's Medicaid Program to a private health insurance company with the amount to be paid by the state capped at \$4,000 per insured. If a private insurer agreed to insure all 1.23 Louisiana Medicaid recipients for an annual premium of \$4,000 per insured,

Louisiana taxpayers would save \$539 million in health care costs and \$252 million in administrative costs. The Commission further urges Louisiana's Congressional Delegation to encourage the United States Department of Health and Human Services to give its consent to Louisiana to take this action within six months.

Mr. Kennedy explained this proposal. Mr. Erwin objected to adoption of the proposal because he did not feel this would work in a practical sense. Ms. Davis inquired as to the fiscal impact and an unintended impact. Senator Donahue suggested putting language into the proposal stating "To extent of federal law, the" at the beginning of the proposal. There were no objections to adoption of the amendment. There was objection to adoption of the recommendation. By a vote of 5 yeas (Donahue, Davis, Geymann, Kennedy, Morris) and 3 nays (Erwin, Hardman, Kolb), the motion failed to pass.

Senator Donahue announced that we would be clearing our agenda today and we would not be meeting tomorrow, but that the commission would be meeting next week for what he considered the final meeting. Mr. Guillot suggested that since the next meeting would possibly be the last one, if any member has proposals, they should be received as soon as possible.

#### **Duplicative and Non-Essential Services:**

**AGDNES #11** Reduce or eliminate supervisory level positions in all state departments with a goal of an average span of control of 8 employees to one supervisor.

Mr. Erwin explained that due to other recommendations that were similar, he wanted to withdraw this recommendation. There were no objections.

**AGDNES #30** Department of Health and Hospitals to continue implementation plan to sell and/or lease the John J. Hainkel Home and Rehabilitation Center.

Mr. Erwin wanted to add an amendment (foot note) under key implementation responsibilities to acknowledge the commission that was created by SCR 134 and was meeting on the subject and that a report was due from them in March, 2010. There were no objections to adoption of the recommendation.

#### **Civil Service and Employee Benefits:**

**AGCS #2** The Department of Natural Resources should integrate audit functions with the Department of Revenue where possible.

Mr. Kennedy was under the impression that one had been passed earlier like this one. Mr. Guillot explained Recommendation #28 from Mr. Kennedy's group was adopted moving audit functions from Revenue to Natural Resources. Rep. Morris withdrew this recommendation with no objection.

**AGCS #7** Increase the employee share of Group Benefits premium from the current level of 25% to 40% for the 2011 and 2012 fiscal years; reduce premium share to 35% for FY 2013, to 30% for FY 2014, and back to 25% for FY 2015 and thereafter.

Rep. Morris requested that this recommendation be withdrawn; no objections.

### **Outsourcing, Privatization & Risk Management:**

**AGOPRM #36** Office of Group Benefits write an RFP to consider consolidating and outsourcing state employee group medical benefits under a single administrative provider to more effectively leverage critical mass and improve efficiency. Multiple options/levels can be offered through a single provider.

In Mr. Martin's absence, Rep. Morris explained this recommendation. Mr. Kennedy offered an amendment to write an RFP and report back the results of privatizing the state group benefit plan letting private providers do it. There were no objections to the amendment and no objection to adoption of the recommendation.

### **X. INTRODUCTION OF COMMISSION MEMBER PROPOSALS**

Mr. Guillot explained that this was just a matter of reading the following proposals into the record:

**Martin #34** Scale down the La. Teacher Assistance & Assessment Program (LaTAAP).

**Martin #35** Revamp the Enterprise Zone Program to implement a new approach that maximizes the state's return on investment.

**Martin #36** Eliminate the workforce grant program in the Dept. of Economic Development as the La. Fast Start program is operational.

**Martin #37** Reduce the site-specific fund in the Dept. of Economic Development, which is used to cover project-specific expenses related to business retention and recruitment efforts.

**Martin #38** Reduce the Entertainment Workforce Program in the Dept. of Economic Development.

**Martin #39** Change the supporting guarantees for Small Business Loan Guarantee Program in the Dept. of Economic Development.

**Martin #40** Right-size the state highway system to give up 5,000 miles of road maintenance.

### **XI. OTHER BUSINESS**

Senator Donahue stated that all items that had been deferred would be heard at the last meeting, along with any others that may come up. He suggested that everyone plan on meeting next Tuesday and possibly Wednesday and requested that they keep their calendars clear for those days.

Mr. Guillot stated that the preliminary report would be a compilation of materials that will include a table of contents along with the final and every other version of the recommendation along with fiscal notes received. There will be a narrative and legislative history. All this will be in numerical order. There will be an index by subject matter or department to assist the departments in seeing what the recommendations are. It will be a factual compilation of material that will be considered the preliminary report. The second report will be the reorganization plan - constitutional

amendments, legislation, rules, and in specific what is necessary to accomplish the recommendations. Mr. Guillot explained that a report with commentary would be forthcoming by SSA and the Mercatus Foundation. The final draft will be available in January, 2010. Senator Donahue stated the commission would probably meet in January to receive the reports. He informed Mr. Kennedy that the reorganization plan should be available by the week of Christmas, but could not speak for Ms. Slaughter and Dr. McTigue. Ms. Slaughter stated that the narrative draft will be received by December 15 and as soon as they receive it, they will begin to work on it. She informed the commission that they should receive a survey that will assist with the narrative. She stated that the commission would receive it probably during the Christmas holidays. Mr. Erwin inquired as to appendages to be added. Mr. Guillot answered that there would be electronically attached information on the website. One issue is the size of documents.

## **XII. ADJOURNMENT**

There being no other business to conduct, Mr. Erwin motioned to adjourn; no objection. The meeting adjourned at approximately 4:15 p.m.

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Jack Donahue, Chair

Approved: January 14, 2011